

VZCZCXRO2738
OO RUEHCHI RUEHDT RUEHHM RUEHNH
DE RUEHGO #0347/01 1620737
ZNY CCCCC ZZH
O 110737Z JUN 09
FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9091
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBK/AMEMBASSY BANGKOK 2942
RUEHBJ/AMEMBASSY BEIJING 2303
RUEHBY/AMEMBASSY CANBERRA 2041
RUEHKA/AMEMBASSY DHAKA 5225
RUEHLO/AMEMBASSY LONDON 2148
RUEHNE/AMEMBASSY NEW DELHI 5516
RUEHUL/AMEMBASSY SEOUL 9112
RUEHTC/AMEMBASSY THE HAGUE 0779
RUEHKO/AMEMBASSY TOKYO 6689
RUEHCN/AMCONSUL CHENGDU 1815
RUEHCHI/AMCONSUL CHIANG MAI 2193
RUEHCI/AMCONSUL KOLKATA 0663
RHHMUNA/CDR USPACOM HONOLULU HI
RUEKJCS/JOINT STAFF WASHDC
RUCNDT/USMISSION USUN NEW YORK 2492
RUEHGV/USMISSION GENEVA 4499
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/DIA WASHDC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000347

SIPDIS

STATE FOR EAP/MLS; INR/EAP; OES; EEB
PACOM FOR FPA;
BANGKOK FOR REO HAL HOWARD
TREASURY FOR OASIA: SCHUN

E.O. 12958: DECL: 02/19/2019
TAGS: [ECON](#) [ENRG](#) [PGOV](#) [SENV](#) [PINR](#) [BM](#)
SUBJECT: BURMA REMAINS IN THE DARK; ELECTRICITY SHORTAGES
CONTINUE

REF: 08 RANGOON 815

RANGOON 00000347 001.4 OF 003

Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d).

Summary

11. (C) Burma suffers from an acute electricity shortage, producing less than half of nationwide demand, according to internal Ministry of Electric Power-1 (MEP-1) documents. Since the majority of Burma's electricity is generated by hydropower, output falls dramatically during the dry season, leaving much of the country without power for up to 20 hours a day. MEP-1 documents indicate that once new dam projects come on line, the GOB will sell the electricity to Thailand and China, rather than use it domestically. The lack of electricity continues to hurt Burmese businesses, which must pay high generator fuel costs to maintain operations, as well as individuals, who often find themselves sitting in the dark. End Summary.

Power Generation and Distribution

12. (SBU) Burma's electricity supply is generated by a mix of gas/diesel dual-fired power plants, hydropower plants, steam turbine plans, and two coal-fired plants. Burma has 27 power stations: 12 hydro stations producing 54 percent of total domestically produced electricity; 10 gas powered stations that generate 36 percent of electricity; and six

steam turbine power stations that generate the remaining 10 percent. Although Burma has significant natural gas reserves, the government exports more than 85 percent of gas production, and relies on hydropower to generate the majority of electricity for domestic use. Burma has more than 100 small and medium-sized dams in operation throughout the country, which power the hydro stations. MEP-1 distributes electricity through a national grid. Transmission and distribution lines are spread over approximately 17,000 miles, servicing Burma's larger cities. According to NGO contacts, the majority of Burma's rural areas (which constitute 70 percent of the country) have no access to power.

¶3. (SBU) Existing generation plants fall well short of meeting Burma's domestic needs, so the country suffers from an acute power shortage, particularly during the dry season (November-May), when hydropower plants have less available water to produce electricity. In 2008, Burma produced approximately 6,400 megawatts of electricity a day, insufficient to meet nation-wide demand of 15,000 megawatts/day. Many contacts complain that the electricity supply in 2009 has been less than in previous years. According to MEP-1 documents, significant capacity is used to power Nay Pyi Taw, which receives steady electricity nearly 24 hours a day. Burma's larger cities, including Rangoon, Mandalay, and Taunggyi, receive between six to eighteen hours a day, depending on the season. The rest of the country receives far less; rural areas on the outskirts of larger cities may have power fewer than four hours a day.

¶4. (C) According to Yangon City Electricity Supply Board

RANGOON 00000347 002.4 OF 003

(YESB) Secretary Lt. Colonel Maung Maung Latt (Rtd.), the Rangoon local government rations electricity among the 33 townships in Rangoon Division. He noted that YESB classifies township areas into four categories, depending on whether the areas are residential or industrial, include military or government offices, and are home to VIPs. Areas determined to be least important receive six hours of electricity a day during rainy season and three to four hours during dry season; the next category receives either six or 12 hours, depending on the season; the third category receives between 10 and 18 hours a day; the final category, which includes the most affluent areas in Rangoon, receives 24-hour service.

Light at the End of the Tunnel?

¶5. (C) According to internal MEP-1 documents, the GOB plans to improve electricity generation and transmission capacity. MEP-1, working with local and foreign investors, is constructing 19 new hydropower dams throughout the country to supplement existing hydropower stations (Reftel). The capacity of these dams will range between 30 and 7,000 megawatts/day. MEP-1 projects that the majority of these projects should come online by 2012. MEP-1 documents indicate that the GOB wants to construct an additional 13 hydropower projects along the Irrawaddy and Salween Rivers, and will open these bids to tender in the next two years.

¶6. (C) In addition to these dam projects, MEP-1 and the Ministry of Electric Power-2 (MEP-2) plan to reinforce the national grid by building new transmission lines and substation projects. (Note: MEP-1 has the lead on the production of electricity while MEP-2 takes the lead on transmission). MEP-2 is currently constructing 23 new transmission lines covering an additional 1202.5 miles and 15 new substations in central and northern Burma. These projects should be completed by 2012, enabling the distribution of electricity from the planned new hydro dams. According to MEP-1 documents, the GOB is partially funding the construction, with local investors and Chinese companies, including Yunan Power Grid Co. and China International Trust and Investment Co., covering the rest. MEP-2 also plans to

lay an additional 5,181 miles of transmission line and build another 28 substations by 2016. However, neither Ministry has secured the necessary funding.

But Where Will the Electricity Go?

¶17. (C) Although the Burmese Government publicly claims that additional electricity generated by these new projects will be used domestically, internal MEP-1 documents state that it plans to export more than 9,500 megawatts/day to China and Thailand by 2016. Indeed, Heinz Ludi, General Manager of Myanmar Tractors (which sells Caterpillar heavy equipment) told us that the GOB's joint venture contracts signed with foreign companies, primarily from China and Thailand, allow the partner firms to export the majority of electricity produced as compensation for their investment. YESB's Maung Maung Latt confirmed that some joint venture agreements require the foreign company to pay for a certain amount of electricity that they receive as part of the arrangement with the GOB, but at below-market prices.

RANGOON 00000347 003.4 OF 003

Impact of Limited Electricity

¶18. (SBU) The shortage of electricity continues to affect both individuals and businesses. Those living in apartments often find themselves with no access to water, as electricity is needed to pump water to higher floors. Most Burmese cook their meals in the morning (when there is electricity) or use coal or wood-powered stoves to cook. Many also use candles or batteries for light in the evening.

¶19. (C) Companies increasingly depend on privately-owned generators for power, but high fuel costs reduce profitability, our business contacts tell us. Win Win Tint, Director of City Mart supermarkets, explained that her 11 stores use more than 5,200 gallons of generator fuel a month, costing more than 9 million kyat (USD 9,000). U Zaw Min Oo of Moon Bakery spends more than 6.75 million kyat (USD 6,750) a month on diesel fuel for his 10 shops. While larger companies are able to defray costs by increasing prices, smaller companies cannot, Win Win Tint noted. For example, many internet cafes must run on generators to ensure steady flow of power to computers; however, because of limited demand and a large number of internet cafes, owners are unable to raise prices to cover costs. Vendors in Rangoon's largest market complained to us that lack of electricity deters customers from buying, limiting their ability to earn money. Increasingly, we observe more businesses in Rangoon are opting to stay in the dark rather than spend money on generators and fuel.

DINGER